

S J.R. 49

By

Harris

A JOINT RESOLUTION

proposing an amendment to Article 16, Section 16 of the Texas Constitution to vest power in the Legislature to authorize state and national banks, subject to certain restrictions, to exercise banking and discounting privileges by use of electronic devices or machines.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. That Article 16, Section 16 of the Texas Constitution be amended to read as follows:

"Section 16. (a) The Legislature shall by general laws, authorize the incorporation of corporate bodies with banking and discounting privileges, and shall provide for a system of State supervision, regulation and control of such bodies which will adequately protect and secure the depositors and creditors thereof.

"No such corporate body shall be chartered until all of the authorized capital stock has been subscribed and paid for in full in cash. Such body corporate shall not be authorized to engage in business at more than one place which shall be designated in its charter.

"No foreign corporation, other than the national banks of the United States, shall be permitted to exercise banking or discounting privileges in this State.

"(b) The Legislature may authorize state and national banks to exercise banking and discounting privileges, and other privileges which are incidental to banking, by use of manned or unmanned electronic devices or machines located at such places and in accordance with such restrictions as may be provided by general law. A manned electronic device or machine shall be one that is operated with the assistance of one or more persons. Except in the case of a manned electronic device or machine operated within banking premises, such person or persons shall not be employees of the bank or banks involved in the operation or employees of a bank holding company or any subsidiary thereof. A state and national bank, however, may be authorized to receive funds for deposit at only such

places as are located within the city or within twenty-five (25) miles of the place where the bank is domiciled, whichever is greater."

Section 2. The foregoing constitutional amendment shall be submitted to a vote of the qualified electors of this state at an election to be held on the first Tuesday after the first Monday in November, 1978, at which election the ballots shall be printed to provide for voting for or against the proposition: "The constitutional amendment to give the Legislature the power to authorize state and national banks to exercise banking and discounting privileges by use of electronic devices or machines."

1 By: Harris

S.J.R. No. 49

2 (In the Senate - Filed March 9, 1977; March 9, 1977, read
3 first time and referred to Committee on Economic Development; April
4 4, 1977, reported adversely, with favorable Committee Substitute;
5 April 4, 1977, sent to printer.)

6 COMMITTEE SUBSTITUTE FOR S.J.R. NO. 49

By: Harris

7 SENATE JOINT RESOLUTION

8 proposing an amendment to Article 16, Section 16 of the Texas
9 Constitution to vest power in the legislature to authorize state
10 and national banks, subject to certain restrictions, to exercise
11 banking and discounting privileges by use of electronic devices or
12 machines.

13 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

14 Section 1. That Article 16, Section 16 of the Texas
15 Constitution be amended to read as follows:

16 "Section 16. CORPORATIONS WITH BANKING AND DISCOUNTING
17 PRIVILEGES. (a) The Legislature shall by general laws, authorize
18 the incorporation of corporate bodies with banking and discounting
19 privileges, and shall provide for a system of State supervision,
20 regulation and control of such bodies which will adequately protect
21 and secure the depositors and creditors thereof.

22 "No such corporate body shall be chartered until all of the
23 authorized capital stock has been subscribed and paid for in full
24 in cash. Such body corporate shall not be authorized to engage in
25 business at more than one place which shall be designated in its
26 charter.

27 "No foreign corporation, other than the national banks of the
28 United States, shall be permitted to exercise banking or
29 discounting privileges in this State.

30 "(b) The Legislature may authorize state and national banks
31 to exercise banking and discounting privileges, and other
32 privileges which are incidental to banking, by use of electronic
33 devices or machines located at such places and in accordance with
34 such restrictions as may be provided by general law. Consistent
35 with antitrust laws, the Legislature shall provide for the sharing
36 of such electronic devices or machines among banks on a reasonable,
37 nondiscriminatory basis."

38 Sec. 2. The foregoing constitutional amendment shall be
39 submitted to a vote of the qualified electors of this state at an
40 election to be held on the first Tuesday after the first Monday in
41 November, 1978, at which election the ballots shall be printed to
42 provide for voting for or against the proposition: "The
43 constitutional amendment to give the legislature the power to
44 authorize state and national banks to exercise banking and
45 discounting privileges by use of electronic devices or machines."

50 * * * * *

51 Austin, Texas
52 April 4, 1977

53 Hon. William P. Hobby
54 President of the Senate

55 Sir:

56 We, your Committee on Economic Development, to which was referred
57 S.J.R. No. 49, have had the same under consideration, and I am
58 instructed to report it back to the Senate with the recommendation
59 that it do not pass, but that the Committee Substitute adopted in
60 lieu thereof do pass and be printed.

61 Creighton, Chairman

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 18, 1977

Honorable Tom Creighton, Chairman
Economic Development Committee
Senate Chamber
Austin, Texas

In Re: Senate Joint Resolution No. 49
By: Harris

Sir:

In response to your request pursuant to Senate Rule 94, Subsection (g), this office finds the fiscal implications of S.J.R. No. 49, (proposing an amendment to Article 16, Section 16 of the Texas Constitution to vest power in the Legislature to authorize state and national banks, subject to certain restrictions, to exercise banking and discounting privileges by use of electronic devices or machines) to be as follows:

No fiscal implication or additional cost to the State or units of local government attributable to the Joint Resolution, should it be enacted, is anticipated except for the cost of publication which is estimated to be \$55,000 for fiscal year 1979.



Thomas M. Keel
Director

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 18, 1977

Honorable Tom Creighton, Chairman
Economic Development Committee
Senate Chamber
Austin, Texas

In Re: Senate Joint Resolution No. 49
By: Harris

Sir:

In response to your request pursuant to Senate Rule 94, Subsection (g), this office finds the fiscal implications of S.J.R. No. 49, (proposing an amendment to Article 16, Section 16 of the Texas Constitution to vest power in the Legislature to authorize state and national banks, subject to certain restrictions, to exercise banking and discounting privileges by use of electronic devices or machines) to be as follows:

No fiscal implication or additional cost to the State or units of local government attributable to the Joint Resolution, should it be enacted, is anticipated except for the cost of publication which is estimated to be \$55,000 for fiscal year 1979.



Thomas M. Keel
Director

April 19 1977 Engrossed
Patsy Law
Engrossing Clerk

By: Harris

S.J.R. No. 49

SENATE JOINT RESOLUTION

proposing an amendment to Article 16, Section 16 of the Texas Constitution to vest power in the legislature to authorize state and national banks, subject to certain restrictions, to exercise banking and discounting privileges by use of electronic devices or machines.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. That Article 16, Section 16 of the Texas Constitution be amended to read as follows:

"Section 16. CORPORATIONS WITH BANKING AND DISCOUNTING PRIVILEGES. (a) The Legislature shall by general laws, authorize the incorporation of corporate bodies with banking and discounting privileges, and shall provide for a system of State supervision, regulation and control of such bodies which will adequately protect and secure the depositors and creditors thereof.

"No such corporate body shall be chartered until all of the authorized capital stock has been subscribed and paid for in full in cash. Such body corporate shall not be authorized to engage in business at more than one place which shall be designated in its charter.

"No foreign corporation, other than the national banks of the United States, shall be permitted to exercise banking or discounting privileges in this State.

"(b) The Legislature may authorize state and national banks to exercise banking and discounting privileges, and other

1 privileges which are incidental to banking, by use of electronic
2 devices or machines located at such places and in accordance with
3 such restrictions as may be provided by general law. Consistent
4 with antitrust laws, the Legislature shall provide for the sharing
5 of such electronic devices or machines among banks on a reasonable,
6 nondiscriminatory basis."

7 Sec. 2. The foregoing constitutional amendment shall be
8 submitted to a vote of the qualified electors of this state at an
9 election to be held on the first Tuesday after the first Monday in
10 November, 1978, at which election the ballots shall be printed to
11 provide for voting for or against the proposition: "The
12 constitutional amendment to give the legislature the power to
13 authorize state and national banks to exercise banking and
14 discounting privileges by use of electronic devices or machines."

COMMITTEE REPORT

The Honorable Bill Clayton
Speaker of the House of Representatives

5/4/77
(date)

Sir:

We, your COMMITTEE ON CONSTITUTIONAL AMENDMENTS, to whom was referred S.J.R. 49
have had the same under consideration and beg to report back with the recommendation that it (measure)

- () do pass, without amendment.
- (X) do pass, with amendment.
- () do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested on 4/25/77 and is attached as part of this report.
(date)

~~Author's fiscal statement attached.~~

~~The Committee recommends that this measure be placed on the (Local / Consent) Calendar.~~

This measure (X) proposes new law.
() amends existing law.

House Sponsor of Senate Measure KASTER

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Von Dohlen	✓			
Jones	✓			
Bryant	✓			
Clark, B.	✓			
Close	✓			
Hendricks	✓			
Johnson	✓			
Robbins	✓			
Schieffer	✓			

Total:
9 aye
0 nay
0 present, not voting
0 absent

Tim Von Dohlen
CHAIRMAN
Reynolds
COMMITTEE COORDINATOR

BILL ANALYSIS

Background Information

S.J.R. 49 and H.J.R. 102 propose constitutional amendments which deal with the authority of the legislature to permit Texas banks and financial institutions to begin to utilize the developing technology of electronic funds transfer systems (EFTS). These constitutional amendments would permit the legislature to authorize banks to exercise banking privileges by use of electronic devices or machines. In addition, they would require the legislature to provide for the sharing of such electronic devices or machines among banks on a reasonable and non-discriminatory basis.

Electronic banking devices would be available for use of customers of all participating banks at various locations as provided by general law. Electronic banking terminals may be located in shopping centers, supermarkets, department stores, or other retail stores and could be used by customers as an optional means of paying for merchandise. The fact that electronic banking devices are available to customers of all participating banks points up the key difference between electronic banking and branch banking. A branch bank would serve only the customers of that particular bank.

H.B. 1170 and H.C.R. 100 have also been introduced this session and they would prohibit all financial institutions from establishing off-premise EFTS systems for a two-year period while a committee composed of legislators, financial institution representatives and the general public studied the ramifications of EFTS development in Texas and report their findings to the next legislature.

Purpose of the Resolution

To propose an amendment to the Texas Constitution to vest in the legislature to authorize state and national banks to use electronic devices or machines.

Section-by-section Analysis

Section 1. Amends Article XVI, Section 16 of the Texas Constitution to add a new subsection (b) which provides the following:

- 1) The legislature may authorize state and national banks to exercise banking and discounting privileges by use of manned or unmanned electronic devices; and
- 2) The electronic devices are to be located at places in accordance with such restrictions as provided by law; and
- 3) Persons who operate the electronic devices shall not be employees of the bank or of banks involved in the operation or employees of a bank-holding company or any subsidiary thereof; and
- 4) A state or national bank may be authorized to receive funds for deposit at only such places as are located within the city or within 25 miles of the place where the bank is domiciled.

Section 2. Provides that the constitutional amendment shall be submitted to the voters at the general election in November, 1977.

Summary of Committee Action

Public notice having been posted in compliance with Rule V, Section 14, the Committee considered S.J.R. 49 in public hearing on May 4, 1977. After receiving public testimony, the measure was reported to the House favorably by a vote of nine ayes and no nays.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

April 25, 1977

Honorable Tim Von Dohlen, Chairman
Committee on Constitutional Amendments
House of Representatives
Austin, Texas

In Re: Senate Joint Resolution No. 49,
as engrossed
By: Harris

Sir:

In response to your request pursuant to House Rule V, Section 28, this office finds the fiscal implications of Senate Joint Resolution No. 49, as engrossed (proposing an amendment to Article 16, Section 16 of the Texas Constitution to vest power in the Legislature to authorize state and national banks, subject to certain restrictions, to exercise banking and discounting privileges by use of electronic devices or machines) to be as follows:

No fiscal implication or additional cost to the state or units of local government attributable to the resolution, should it be enacted, is anticipated except for the cost of publication which is estimated to be \$55,000 for fiscal year 1979.


Thomas M. Keel
Director

Source: Secretary of State; Department of Banking; LBB Staff

May 25, 1977
Patsy Gawn
Enrolling Clerk

AMENDMENT NO. 1

BY: Johnson

Amend S.J.R. 49 by deleting the term "1978" on line 10,
page 2 and substituting therefore the term "1977".

MAY 20 1977
Date
Read and Adopted
Betty Mearns
Chief Clerk
House of Representatives

1 privileges which are incidental to banking, by use of electronic
2 devices or machines located at such places and in accordance with
3 such restrictions as may be provided by general law. Consistent
4 with antitrust laws, the Legislature shall provide for the sharing
5 of such electronic devices or machines among banks on a reasonable,
6 nondiscriminatory basis."

7 Sec. 2. The foregoing constitutional amendment shall be
8 submitted to a vote of the qualified electors of this state at an
9 election to be held on the first Tuesday after the first Monday in
10 November, 1977, at which election the ballots shall be printed to
11 provide for voting for or against the proposition: "The
12 constitutional amendment to give the legislature the power to
13 authorize state and national banks to exercise banking and
14 discounting privileges by use of electronic devices or machines."

S.J.R. No. 49

President of the Senate

Speaker of the House

I hereby certify that S.J.R. No. 49 was adopted by the senate on April 19, 1977, by the following vote: Yeas 29, Nays 1, one present not voting; May 26, 1977, senate concurred in house amendment by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.J.R. No. 49 was adopted by the house, with amendment, on May 24, 1977, by the following vote: Yeas 121, Nays 15, six present not voting.

Chief Clerk of the House

Approved:

Date

Governor

APR 19 1977

Received from
the Senate

A JOINT RESOLUTION to authorize state and national banks to exercise banking and discounting privileges by use of electronic devices and machines.

Betty Murray

Chief Clerk, House of Representatives

39-77
MAR 9 - 1977 Filed with the Secretary of the Senate
Read, referred to Committee on ECONOMIC DEVELOPMENT

APR 4 1977 Reported favorably.

APR 4 1977 Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

APR 19 1977 Ordered not printed.

APR 19 1977 Senate and Constitutional Rules to permit consideration suspended by unanimous consent
years, nays.

APR 19 1977 To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of years, nays.

APR 19 1977 Read second time and { ordered engrossed.
passed to third reading.

APR 19 1977 Caption ordered amended to conform to body of bill.

APR 19 1977 Senate and Constitutional 3-Day Rules suspended by vote of

APR 19 1977 29 yeas, 1 nays, to place bill on third reading and final passage.

APR 19 1977 Read third time and passed by 29 yeas, 1 nays, present not voting

OTHER ACTION:
Betty King
Secretary of the Senate

APR 21 1977 Constitutional Amendments

MAY 4 1977 Favorably Reported unanimously (As Amended) Sent to Printer 5:30 PM

MAY 6 1977 Printed And Distributed 11:15 PM
MAY 9 1977 Sent To Committee On Calendars 9:46 AM

MAY 20 1977 Read Second Time amended and passed to third reading by vote 98 yeas, 34 nays. 9 PM V

MAY 21 1977 Motion to postpone further consideration of SJR No. 49 until May 24 Tuesday at 10:00 AM prevailed by a non-record vote.

MAY 24 1977 READ 3RD TIME AND FINALLY adopted
by record vote 121 yeas 15 nays 6 PM V

RETURNED TO SENATE

MAY 24 1977 RETURNED with amendment FROM HOUSE

April 19, 1977 Engrossed
April 19, 1977 Sent to HOUSE

Latey Spaw
ENGROSSING CLERK

MAY 26 1977

Senate concurred in House amend-
ments by the following vote: 3
yeas, 0 nays.

1977 MAY -6 PM 11:15

HOUSE OF REPRESENTATIVES

Enrolled
1977